

CITY OF BISMARCK EMPLOYEES PENSION FUND
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008

	September-08				Current	Prior Year	3 Years	5 Years
	Market Value	Actual	Policy	Quarter Net ROR	Fiscal YTD Net ROR	FY08 Net ROR	Ended 6/30/2008 Net	Ended 6/30/2008 Net
LARGE CAP DOMESTIC EQUITY								
<i>Structured Growth</i>								
LA Capital	1,198,905	2.6%	2.8%	-13.15%	-13.15%	-6.96%	8.22%	N/A
Total Structured Growth	1,198,905	2.6%	2.8%	-13.15%	-13.15%	-6.96%	8.22%	10.32%
Russell 1000 Growth				-12.33%	-12.33%	-5.96%	5.91%	7.32%
<i>Structured Value</i>								
LSV	1,140,066	2.5%	2.8%	-6.27%	-6.27%	-22.29%	3.56%	11.19%
Russell 1000 Value				-6.11%	-6.11%	-18.78%	3.53%	8.92%
<i>Enhanced Russell 1000 Index</i>								
LA Capital	1,015,965	2.2%	2.3%	-9.44%	-9.44%	-10.70%	6.55%	9.03%
Russell 1000				-9.35%	-9.35%	-12.36%	4.81%	8.22%
<i>Enhanced S&P 500 Index</i>								
Northern Trust	480,001	1.0%	1.2%	-6.80%	-6.80%	-15.84%	3.14%	6.72%
Westridge	1,059,980	2.3%	2.6%	-8.06%	-8.06%	-12.25%	4.94%	8.02%
Wells Capital	691,721	1.5%	1.8%	-24.53%	-24.53%	-31.59%	N/A	N/A
European Credit Management	442,174	1.0%	1.2%	-21.07%	-21.07%	N/A	N/A	N/A
Prudential	475,611	1.0%	1.3%	-25.46%	-25.46%	N/A	N/A	N/A
Franklin	477,270	1.0%	1.2%	-12.12%	-12.12%	-13.65%	N/A	N/A
Total Enhanced S&P 500 Index	3,626,757	7.8%	9.3%	-16.16%	-16.16%	-18.66%	2.40%	6.45%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.58%
<i>Absolute Return Strategy</i>								
Epoch	526,121	1.1%	1.4%	-12.66%	-12.66%	-6.84%	N/A	N/A
S&P 500				-8.37%	-8.37%	-13.12%		
<i>S&P 500 Index</i>								
State Street	569,374	1.2%	1.4%	-11.64%	-11.64%	-18.23%	2.99%	6.70%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.58%
TOTAL LARGE CAP DOMESTIC EQUITY	8,077,189	17.4%	20.0%	-13.07%	-13.07%	-16.11%	4.22%	8.17%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.58%
SMALL CAP DOMESTIC EQUITY								
<i>Manager-of-Managers</i>								
SEI	3,925,121	8.5%	8.6%	-1.30%	-1.30%	-22.41%	1.06%	8.52%
Russell 2000 + 200bp				-0.61%	-0.61%	-14.48%	5.88%	12.50%
Callan	1,555,980	3.4%	3.4%	-7.13%	-7.13%	-15.44%	N/A	N/A
Russell 2000				-1.11%	-1.11%	-16.19%		
TOTAL SMALL CAP DOMESTIC EQUITY	5,481,101	11.8%	12.0%	-2.98%	-2.98%	-20.36%	2.11%	9.20%
Russell 2000				-1.11%	-1.11%	-16.19%	3.79%	10.29%
INTERNATIONAL EQUITY								
<i>Large Cap - Core</i>								
State Street	418,186	0.9%	1.1%	-21.95%	-21.95%	-13.11%	12.40%	14.27%
MSCI EAFE (1)				-20.56%	-20.56%	-10.61%	12.84%	14.86%
<i>Large Cap - Active</i>								
Capital Guardian	1,345,762	2.9%	3.3%	-18.64%	-18.64%	-13.89%	11.58%	14.15%
LSV	1,274,258	2.7%	3.3%	-17.25%	-17.25%	-23.98%	8.07%	N/A
Total Large Cap - Active	2,620,020	5.6%	7.7%	-17.97%	-17.97%	-20.05%	9.04%	13.03%
MSCI EAFE - 50% Hedged				-16.79%	-16.79%	-15.14%	10.93%	14.67%
<i>Small Cap - Active</i>								
DFA	415,397	0.9%	1.1%	-20.80%	-20.80%	N/A	N/A	N/A
Wellington	401,112	0.9%	1.1%	-25.78%	-25.78%	-15.19%	9.83%	16.11%
Total Small Cap - Active	816,510	1.8%	2.2%	-23.33%	-23.33%	-15.60%	9.53%	16.89%
S&P/Citigroup BMI EPAC < \$2BN				-23.50%	-23.50%	-19.12%	10.36%	19.26%
TOTAL INTERNATIONAL EQUITY	3,854,716	8.3%	11.0%	-19.61%	-19.61%	-18.47%	9.51%	13.93%
MSCI EAFE - 50% Hedged				-16.79%	-16.79%	-15.14%	10.93%	14.67%
EMERGING MARKETS EQUITY								
<i>Core</i>								
JP Morgan	125,310	0.3%	0.3%	-22.87%	-22.87%	3.57%	N/A	N/A
PanAgora	121,417	0.3%	0.3%	-27.52%	-27.52%	7.21%	N/A	N/A
WestLB	124,603	0.3%	0.3%	-28.00%	-28.00%	11.12%	N/A	N/A
UBS	165,162	0.4%	0.4%	-27.00%	-27.00%	5.82%	N/A	N/A
Total Core	536,492	1.2%	1.4%	-26.44%	-26.44%	6.87%	27.76%	29.00%
MSCI Emerging Markets				-26.86%	-26.86%	4.89%	27.52%	22.84%
<i>Small Cap</i>								
DFA	126,891	0.3%	0.4%	-24.25%	-24.25%	-13.68%	N/A	N/A
MSCI Emerging Markets				-26.86%	-26.86%	4.89%		
<i>Private Equity</i>								
Capital International	73,057	0.2%	0.2%	6.52%	6.52%	N/A	N/A	N/A
MSCI Emerging Markets				-26.86%	-26.86%	0.00%	0.00%	0.00%
<i>Infrastructure</i>								
JP Morgan	36,106	0.1%	0.1%	N/A	N/A	N/A	N/A	N/A
TOTAL EMERGING MARKETS EQUITY	772,547	1.7%	2.0%	-23.25%	-23.25%	2.99%	27.07%	28.58%
MSCI Emerging Markets				-26.86%	-26.86%	4.89%	27.52%	30.15%

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				Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
							Net	Net
DOMESTIC FIXED INCOME								
Core Bond								
Western Asset	1,106,784	2.4%	2.1%	-6.30%	-6.30%	-0.30%	1.78%	2.90%
Lehman Aggregate				-0.49%	-0.49%	7.12%	4.09%	3.86%
Index								
Bank of ND	1,668,645	3.6%	3.0%	-1.64%	-1.64%	7.70%	3.93%	3.57%
Total Index	1,668,645	3.6%	3.0%	-1.64%	-1.64%	7.70%	4.17%	3.91%
Lehman Gov/Credit				-1.64%	-1.64%	7.24%	3.84%	3.58%
Enhanced								
Westridge	1,110,334	2.4%	1.9%	2.75%	2.75%	N/A	N/A	N/A
Lehman Aggregate				-0.49%	-0.49%			
Convertibles								
Calamos (2)	1,104,209	2.4%	2.1%	-11.09%	-11.09%	-2.86%	N/A	N/A
Total Convertibles	1,104,209	2.4%	2.1%	-11.09%	-11.09%	-2.86%	4.55%	2.71%
Merrill Lynch All Convertibles (3)				-17.56%	-17.56%	-6.36%	5.72%	6.36%
BBB Average Quality								
Wells Capital	1,209,370	2.6%	2.1%	-3.78%	-3.78%	3.70%	3.26%	4.56%
Lehman BBB				-4.85%	-4.85%	2.62%	2.52%	3.44%
Senior Debt								
PIMCO	404,837	0.9%	0.9%	N/A	N/A	N/A	N/A	N/A
Lehman Aggregate				-0.49%	-0.49%	7.12%		
Private Debt								
Prudential	1,169,164	2.5%	2.1%	-1.79%	-1.79%	3.32%	3.41%	N/A
Lehman Aggregate				-0.49%	-0.49%	7.12%		
Timberland								
TIR - Teredo (4)	1,489,088	3.2%	3.2%	-0.14%	-0.14%	22.02%	15.15%	14.07%
TIR - Springbank	3,275,522	7.1%	7.1%	-0.43%	-0.43%	15.25%	18.41%	N/A
Total Timberland	4,764,610	10.3%	10.3%	-0.34%	-0.34%	17.50%	17.86%	21.14%
NCREIF Timberland Index				1.01%	1.01%	19.96%	17.12%	14.70%
Infrastructure								
JP Morgan	2,379,669	5.1%	5.1%	3.31%	3.31%	13.28%	N/A	N/A
TOTAL DOMESTIC FIXED INCOME	14,917,622	32.2%	29.0%	-1.50%	-1.50%	9.02%	8.15%	9.65%
Lehman Aggregate				-0.49%	-0.49%	7.12%	4.09%	3.86%
HIGH YIELD BONDS								
Core								
Loomis Sayles	1,248,618	2.7%	2.3%	-12.73%	-12.73%	-1.43%	5.39%	N/A
Sutter/Wells Capital	1,241,003	2.7%	2.3%	-6.97%	-6.97%	-6.12%	2.58%	N/A
Total Core	2,489,621	5.4%	4.5%	-10.04%	-10.04%	-3.71%	4.01%	4.88%
LB High Yield 2% Issuer Contstrained Index				-8.56%	-8.56%	-1.75%	4.48%	N/A
Mezzanine Debt								
Goldman Sachs 2006 Fund	80,431	0.2%	0.2%	-6.02%	-6.02%	-3.89%	N/A	N/A
Goldman Sachs Fund V	127,225	0.3%	0.3%	2.67%	2.67%	N/A	N/A	N/A
TCW	224,262	0.5%	0.5%	2.02%	2.02%	7.26%	N/A	N/A
Total Mezzanine Debt	431,918	0.9%	0.9%	0.60%	0.60%	0.49%	N/A	N/A
LB High Yield 2% Issuer Contstrained Index				-8.56%	-8.56%	-1.75%		
Distressed Mortgages								
PIMCO	201,399	0.4%	0.4%	0.96%	0.96%	N/A	N/A	N/A
Declaration Management	49,350	0.1%	0.1%	-3.65%	-3.65%	N/A	N/A	N/A
Total Distressed Mortgages	250,749	0.5%	0.5%	0.02%	0.02%	N/A	N/A	N/A
LB High Yield 2% Issuer Contstrained Index				-8.56%	-8.56%			
TOTAL HIGH YIELD BONDS	3,172,288	6.8%	6.0%	-7.92%	-7.92%	-4.27%	3.82%	6.32%
LB High Yield 2% Issuer Contstrained Index				-8.56%	-8.56%	-1.75%	4.48%	6.88%
INTERNATIONAL FIXED INCOME								
International Sovereign								
UBS Global (Brinson)	2,197,946	4.7%	4.8%	-4.51%	-4.51%	17.24%	5.56%	6.49%
Citigroup Non-US Gov't Bond Index (5)				-4.25%	-4.25%	18.73%	6.63%	7.04%
International Core								
Brandywine	2,293,854	4.9%	4.8%	-5.68%	-5.68%	10.78%	7.06%	8.51%
Lehman Global Aggregate (ex-US)				-5.90%	-5.90%	16.53%	7.88%	7.38%
TOTAL INTERNATIONAL FIXED INCOME	4,491,799	9.7%	9.5%	-5.11%	-5.11%	13.90%	6.31%	7.50%
Citigroup Non-US Gov't Bond Index (5)				-4.25%	-4.25%	18.73%	6.66%	7.06%
REAL ESTATE								
INVESCO - Core	2,265,734			0.63%	0.63%	8.27%	N/A	N/A
INVESCO - Fund II	43,455			-1.85%	-1.85%	N/A	N/A	N/A
J.P. Morgan Strategic & Special Funds	2,091,559			-1.95%	-1.95%	5.69%	15.27%	15.26%
J.P. Morgan Alternative Property Fund	571,436			-0.60%	-0.60%	4.59%	N/A	N/A
J.P. Morgan Greater China Property Fund	61,740			-5.24%	-5.24%	N/A	N/A	N/A
TOTAL REAL ESTATE	5,033,925	10.8%	9.5%	-0.72%	-0.72%	6.31%	15.27%	15.26%
NCREIF TOTAL INDEX				-0.17%	-0.17%	9.20%	14.82%	14.63%

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	Allocation		Quarter		Fiscal YTD	FY08	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
							Net	Net
ALTERNATIVE INVESTMENTS								
Coral Partners V	12,818			0.00%	0.00%	9.09%	5.22%	-8.23%
Coral Partners V - Supplemental	1,497			10.51%	10.51%	-6.34%	3.94%	6.41%
Coral Momentum Fund (Formerly Fund VI)	24,576			-4.97%	-4.97%	13.96%	-3.63%	-7.09%
Brinson 1998 Partnership Fund	1,463			-3.84%	-3.84%	6.92%	17.74%	16.40%
Brinson 1999 Partnership Fund	4,495			-2.15%	-2.15%	13.32%	15.81%	14.25%
Brinson 2000 Partnership Fund	14,321			-10.02%	-10.02%	21.82%	21.03%	17.78%
Brinson 2001 Partnership Fund	12,827			-1.08%	-1.08%	2.23%	12.37%	9.49%
Brinson 2002 Partnership Fund	6,316			-5.82%	-5.82%	3.20%	14.93%	10.72%
Brinson 2003 Partnership Fund	2,473			2.40%	2.40%	-6.42%	16.42%	8.89%
Total Brinson Partnership Funds	41,893			-4.98%	-4.98%	13.85%	17.75%	14.80%
Brinson 1999 Non-US Partnership Fund	2,156			-1.11%	-1.11%	-9.78%	38.86%	33.76%
Brinson 2000 Non-US Partnership Fund	4,801			-3.21%	-3.21%	27.03%	38.56%	28.82%
Brinson 2001 Non-US Partnership Fund	3,284			-8.05%	-8.05%	13.44%	15.89%	14.66%
Brinson 2002 Non-US Partnership Fund	8,597			-5.05%	-5.05%	14.08%	43.86%	31.81%
Brinson 2003 Non-US Partnership Fund	7,389			3.32%	3.32%	24.92%	42.47%	23.29%
Brinson 2004 Non-US Partnership Fund	3,565			-4.17%	-4.17%	29.16%	25.88%	N/A
Total Brinson Non-US Partnership Fund	29,792			-2.76%	-2.76%	18.83%	37.12%	28.34%
Adams Street 2008 Non-US Partnership Fd	728			-3.86%	-3.86%	N/A	N/A	N/A
Brinson BVCF IV	23,086			7.08%	7.08%	-1.94%	7.62%	9.88%
Adams Street Direct Co-investment Fund	25,396			-3.78%	-3.78%	4.06%	N/A	N/A
Matlin Patterson Global Opportunities	8,561			-27.00%	-27.00%	-29.56%	-11.62%	9.60%
Matlin Patterson Global Opportunities II	44,513			-10.56%	-10.56%	-5.55%	8.69%	N/A
Matlin Patterson Global Opportunities III	24,927			1.13%	1.13%	-20.02%	N/A	N/A
InvestAmerica	11,189			0.00%	0.00%	27.36%	13.22%	1.67%
Hearthstone MSII	0			-100.00%	-100.00%	-62.01%	-100.00%	-100.00%
Hearthstone MSIII	1,472			-33.76%	-33.76%	-10.75%	63.82%	N/A
Corsair III	19,586			-6.63%	-6.63%	64.04%	N/A	N/A
Corsair III - ND Investors LLC	14,967			0.00%	0.00%	N/A	N/A	N/A
Quantum Resources	355			-91.16%	-91.16%	-52.44%	N/A	N/A
Quantum Energy Partners	4,400			-0.52%	-0.52%	-3.17%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	289,758	0.6%	1.0%	-5.93%	-5.93%	4.50%	10.73%	10.47%
CASH EQUIVALENTS								
Northern Trust STIF	117,389			0.49%	0.49%	0.70%	3.40%	2.76%
Bank of ND	191,005			N/A	N/A	N/A	N/A	N/A
TOTAL CASH EQUIVALENTS	308,394	0.7%	0.0%	0.48%	0.48%	0.70%	3.61%	3.40%
90 Day T-Bill				0.63%	0.63%	3.63%	4.27%	3.18%
TOTAL FUND	46,399,338	100.0%	100.0%	-6.74%	-6.74%	-3.82%	7.09%	9.93%
POLICY TARGET BENCHMARK				-5.37%	-5.37%	-2.58%	5.45%	7.28%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Toredos properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.